

Message Text

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PAGE 01 MANILA 06544 290902Z
ACTION OES-06

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TAGS: ENRG, PFOR, RP
SUBJECT: FUEL CYCLE EVALUATION PROGRAM

REF: A. STATE 91828 B. STATE 093528

1. SUMMARY: U.S. NON-PAPER ON THE INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAM WAS DELIVERED TO DR. IBE OF THE PAEC APRIL 29. PHILIPPINE ATTITUDES TOWARD THIS INITIATIVE WILL BE PRAGMATIC, ANY SOLUTION THAT GUARANTEES THE PHILIPPINES A FUEL SUPPLY FOR ITS NUCLEAR POWER PROGRAM WILL BE ACCEPTABLE. END SUMMARY.

2. EMBOFF DELIVERED UNCLASSIFIED COPY OF NON-PAPER OUTLINING POSSIBLE FRAMEWORK OF INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAM (INFCEP) TO COMMISSIONER LIBRADO IBE OF THE PHILIPPINE ATOMIC ENERGY COMMISSION APRIL 29, 1977. ALSO DELIVERED DURING THE SAME MEETING WAS A PACKET OF DOCUMENTS FROM THOMAS D. DAVIES OF THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY INCLUDING BACKGROUND DATA SUPPORTING THE U.S. DECISION TO DEFER REPROCESSING OF SPENT FUEL CORES.

3. DR. IBE WAS APPRECIATIVE OF USG EFFORTS TO KEEP THE LIMITED OFFICIAL USE

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PAGE 02 MANILA 06544 290902Z

PHILIPPINES INFORMED OF ITS LATEST INITIATIVES. HE NOTED THAT THE BASIC IDEAS PRESENTED IN THE NON-PAPER ON THE INFCEP WERE DISCUSSED WITH MR. DAVIES AT THE CONFERENCE IN IRAN IN EARLY APRIL JUST AFTER PRESIDENT CARTER'S NUCLEAR POLICY STATEMENT. THE TWO CARTER DECISIONS ANNOUNCED APRIL 7 OF MOST INTEREST TO THE PHILIPPINES WERE THE FOURTH AND FIFTH ACCORDING TO

DR. IBE. HE SAID IF THE U.S. WILL ACTUALLY INCREASE U.S. PRODUCTION CAPACITY AND OFFER NUCLEAR FUEL SUPPLY CONTRACTS THAT GUARANTEE DELIVERY OF SUCH FUEL TO OTHER COUNTRIES, MANY OF THE PHILIPPINE RESERVATIONS ABOUT THE NEW U.S. NUCLEAR POLICY WOULD BE ALLEVIATED.

4. COMMENT: THE PHILIPPINES STILL HAS NOT FOUND A SUPPLIER OF YELLOW-CAKE FOR ITS NUCLEAR POWER PROJECT. GABON HAS OFFERED SOME, BUT NOT ENOUGH FOR THE FIRST CHARGE, AND THE PHILIPPINES HAS JUST RECENTLY RE-OPENED DISCUSSIONS WITH AUSTRALIA WITH UNCERTAIN PROSPECTS OF SUCCESS. IN THE PRESENT CONTEXT IT SHOULD BE REMEMBERED THAT WESTINGHOUSE ORIGINALLY COMMITTED TO SUPPLY FUEL FOR THE REACTOR IT WAS PROPOSING TO THE GOP, BUT BACKED OUT BEFORE THE FINAL VERSION OF ITS CONTRACT WAS SIGNED DUE TO ITS OWN STATESIDE FUEL PROBLEMS. THE GOP APPROACHED THE USERDA IN LATE 1975 SEEKING ASSISTANCE IN FUEL PROCUREMENT FOR THE REACTOR IT WAS BUYING FROM WESTINGHOUSE, AND WAS ADVISED THAT THERE WOULD BE NO FUEL AVAILABLE FROM U.S. SOURCES AND WAS TOLD TO LOOK TO CANADA, SOUTH AFRICA, FRANCE OR AUSTRALIA FOR A SUPPLY. WE HAVE EVERY REASON TO CONCLUDE THAT OFFICIAL GOP ATTITUDES TOWARDS THIS NEW U.S. INITIATIVE TO CURTAIL THE FUEL CYCLE WILL BE TEMPERED BY THIS HISTORY, AND WILL HINGE ON OUR ABILITY TO GUARANTEE THE PHILIPPINES A CONSTANT FUEL SUPPLY (AT WHATEVER PRICE ACCORDING TO IBE) FOR THEIR NUCLEAR LIMITED OFFICIAL USE

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PAGE 03 MANILA 06544 290902Z

POWER DEVELOPMENT PROGRAM. END COMMENT.

5. OTHER AREAS OF CONCERN CITED BY DR. IBE WERE SPENT FUEL STORAGE IN THE CASE OF NO REPROCESSING AND THE THREAT THAT THE LONDON CLUB OF SUPPLIERS COULD EVOLVE INTO ANOTHER "OPEC LIKE CARTEL" THAT WOULD LIMIT THE TRANSFER OF NUCLEAR TECHNOLOGY EXCEPT AT ITS OWN TERMS AND PRICES UNDER THE RUSE OF NON-PROLIFERATION STRATEGY. DR. IBE STILL BELIEVES INTERNATIONAL REGIONAL REPROCESSING CENTERS ARE THE BEST SOLUTION TO THE NUCLEAR FUEL CYCLE PROBLEMS, AND THE ONLY ONE THAT WILL GET THE ACQUIESCENCE OF THE NON-SUPPLIER NATIONS WITHOUT THEM FEELING THEIR "SOVEREIGN RIGHTS ARE BEING STEPPED ON." HE SAID IT WAS PLAUSIBLE THAT THE U.S. COULD STILL ACHIEVE SAFEGUARDS VIA THE REGIONAL REPROCESSING CENTERS IF IT WERE TO INVEST IN THEIR DEVELOPMENT. HE NOTED THAT SINCE RETURNING FROM IRAN HE HAS SUBMITTED A MEMO TO PRESIDENT MARCOS RECOMMENDING THE

PHILIPPINES CONTINUE TO PROMOTE ITSELF AS A SITE
FOR A MULTI-NATIONAL REPROCESSING CENTER.

6. DR. IBE IS LEAVING APRIL 29 FOR THE SALZBURG
CONFERENCE AND LOOKS FORWARD TO DISCUSSING THE
INFCEP WITH U.S. DELEGATES IN THAT FORUM.
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